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Message Text

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ACTION ARA-10

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SUBJ: VISIT TO WASHINGTON OF BOLIVIAN MINISTER OF INDUSTRY & COMMERCE

REF: STATE 26505

1. SYNOPSIS OF PROJECTS FOLLOWS. FIRST SEVEN ITEMS ARE FROM TEXT OF LA PAZ A-12 OF JANUARY 30, 1976, EARLY WARNING ON BOLIVIAN PETROCHEMICAL INDUSTRY PROJECTS. REMAINING ITEMS ARE SIMPLY LISTED BY TYPE OF PROJECT AND ESTIMATED INVESTMENT. EMBASSY WILL SUBMIT DETAILED ANALYSIS LATER.
(A) A HIGH-DENSITY POLYETHYLENE PLANT WITH A CAPACITY OF 80,000 MT ANNUALLY AT ESTIMATED COST OF US $56.5 MILLION. FINANCING FROM OUTSIDE SOURCES ESTIMATED AT US $49.7 MILLION. THIS PLANT IS DIRECTLY RELATED TO THE OLEFINS PROJECT. THE PRODUCT WILL BE MARKETED IN THE FORM OF PELLETS.
(B) A LOW-DENSITY POLYETHYLENE PLANT WITH A CAPACITY OF 60,000 MT ANNUALLY AT ESTIMATED COST OF US $76.0 MILLION. THIS PROJECT IS DIRECTLY LINKED TO THE OLEFINS PLANT. IT WILL BE A POLYMERIZATION OF ETHYLENE UNDER HIGH PRESSURES.
(C) A STYRENE MONOMER PLANT WITH CAPACITY OF 80,000 MT ANNUALLY AND A PROPYLENE OXIDE PLANT WITH CAPACITY OF 28,500 MT ANNUALLY. ESTIMATED COST IS US $69.3 MILLION. THIS PLANT IS DIRECTLY RELATED TO THE OLEFINS AND AROMATICS PLANT.
(D) A POLYPROPYLENE PLANT WITH A CAPACITY OF 40,000 MT ANNUALLY AT AN ESTIMATED COST OF US $41.1 MILLION. THIS PROJECT IS DIRECTLY
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ASSOCIATED WITH THE OLEFINS PROJECT. PRODUCT WILL BE MARKETED IN

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PELLET FORM.
(E) A PROPYLENE OXIDE DERIVATIVES PLANT WITH ANNUAL CAPACITY OF 22,500 MT AT COST OF US $10.8 MILLION, OF WHICH US $ 9.5 MILLION IS REQUIRED FROM OUTSIDE SOURCES. PRODUCTS TO BE PRODUCED ARE PROPYLENGLICOL AND ETHERS OF PROPYLENGLICOL. THIS DIRECTLY LINKED WITH THE PROPYLENE OXIDE PLANT.
(F) A MAJOR ETHYLENE-PROPYLENE CRACKING UNIT WITH ANNUAL CAPACITY OF 200,000 MT OF ETHYLENE AND 55,000 MT OF PROPYLENE AT ESTIMATED COST OF US $ 220.0 MILLION. OUTSIDE FINANCING IS ESTIMATED AT US $ 176.0 MILLION. THIS PROJECT ALSO KNOWN AS OLEFINS PROJECT AND MUST BE DEVELOPED PRIOR TO OTHER PROJECTS WHICH DEPEND ON IT. THESE ARE BASIC PRODUCTS FOR THE PETROCHEMICAL INDUSTRY AND DEPEND ON NATURAL GAS PROCESSING PLANTS AND OIL REFINERIES.
(G) A PLANT TO PRODUCE 15,000 MT OF PHENOL AT A COST OF ABOUT US $ 15.7 MILLION, OF WHICH US $ 13.8 MILLION IS THE FINANCIAL REQUIREMENT FROM OUTSIDE SOURCES. THIS PLANT IS DIRECTLY RELATED TO THE PREVIOUSLY MENTIONED AROMATICS PLANT SINCE BENZENE IS THE PRIMARY RAW MATERIAL REQUIRED.
(#) MANUFACTURE OF 40 RADIAL DRILLS AND 650 THREADING MACHINES ANNUALLY. ESTIMATED INVESTMENT UNKNOWN.
(I) PLANT TO PROCESS 2,100 MT BRAZIL NUTS ANNUALLY. ESTIMATED INVESTMENT, US $ 3.5 MILLION.
(J) SANITARY APPLIANCES PLANT, US $ 3 MILLION.
(K) BALL BEARING PLANT, US $ 15 MILLION.
(L) SUGAR MILL, US $ 38 MILLION (REPORTED IN LA PAZ 8509 OF DECEMBER 4, 1975).
(M) HAND TOOLS PLANT; 4,800 UNITS ANNUALLY, US $ .7 MILLION.
(N) THREE WORKSHOPS TO PRODUCE INTERCHANGEABLE TOOLS, US $ 13.5 MILLION.
(O) MANUFACTURE OF CONICAL ROCK CRUSHING MACHINERY FOR MINERALS PROCESSING. 26 UNITS ANNUALLY. ESTIMATED INVESTMENT UNKNOWN,
(P) PRODUCTION OF 18,400 SEALED UNITS FOR REFRIGERATORS. ESTIMATED INVESTMENT UNKNOWN.
(Q) 3,050 MT COTTON SPINNING MILL, US $ 12.8 MILLIIN. REPORTED IN LA PAZ 814.
(R) 400-BED HOTEL IN SANTA CRUZ, US $ 2.07 MILLION. 128-BED HOTEL IN COCHABAMBA, US $ 1.25 MILLION.
(S) A GRAIN INDUSTRIAL COMPLEX IN TARIJA; 7,500 MT OF WHEAT, 15,000 MT OF BEANS, 5,280 MT OF FLOUR. INCLUDES CONSTURCTION OF FLOUR MILL. US $ 1.38 MILLION.
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(T) 40,000 MT BAGASSE PULP AND PAPER MILL. ESTIMATED INVESTMENT UNKNOWN.
(U) 43,000 MT FOOD MIXING PLANT. US $ 1.8 MILLION.
(V) AGRICULTURAL HAND TOOL PLANT. US $ 1.28 MILLION.
(W) STATE STEEL COMPANY, SIDERSA, HAS A PROJECT TO MINE 10,000 MT OF FERROMANGANESE. DEPOSIT LOCATED NEAR BRASILIAN BORDER AT MUTUN. COST OF PROJECT IS US $ 13 MILLION.
(X) SIDERSA ALSO PLANS TO DEVELOP LOCAL STEEL INDUSTRY WITH MILL

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TO PRODUCE 165,000 MT PIG IRON, 152,000 MT INGOT IRON AND 130,000
MT OF ROLLED STEEL. ESTIMATED INVESTMENT COST IS US $ 148,930,000.
MILLS TO BE LOCATED IN ORURO.
(Y) ARMED FORCES DEVELOPMENT CORPORATION (COFADENA) PLANS TO PUT
PLANT IN ORURO TO PRODUCE 5,000 MT OF CHLORINE AND 5,580 MT OF
SODIUM HYDROXIDE. ESTIMATED COST IS US $ 5 MILLION. SALT TO BE
BROUGHT FROM NEARBY SALAR DE UYUNI.
(Z) COFADENA ALSO HAS PROJECT TO BUILD SODIUM CARBONATE PLANT.
PROPOSED CAPACITY IS 200,000 MT WITH COST OF US $ 39 MILLION.
PLANT WILL BE LOCATED IN CALCHANI, NEAR THE SALAR DE UYUNI.
(AA) COFADENA PLANS TO BUILD A THREADING TOOLS PLANT IN COCHABAMBA.
ANNUAL CAPACITY IS 600,000 UNITS. SCREW THREADING DIAMETERS ARE
3 TO 24 MILLIMETERS. NO ESTIMATE AVAILABLE OF TOTAL COST.
(BB) COFADENA HAS PROJECT CALLED LA GAIBA WHICH WILL BE LOCATED
NEAR SANTA CRUZ. PROJECT IS TO RAISE, BUTCHER, FREEZE AND EXPORT
1,000,000 POUNDS OF BEEF. TOTAL COST OF PROJECT IS US $ 21,400,000.
(CC) COFADENA PLANS TO BUILD A FOUNDRY IN COCHABAMBA. CAPACITY IS
3,000 MT WITH ESTIMATED COST OF US $ 4,100,000. FOUNDRY WILL
SERVE AUTOMOTIVE INDUSTRY AND MAKE MOTOR BLOCKS, BRAKE DRUMS, ETC.
(DD) COFADENA PLANS A FORGING PLANT FOR COCHABAMBA TO PRODUCE
16,000 GEAR REDUCERS, 16,000 MOTORS, 16,000 CONNECTING RODS AND
1,300 OTHER UNITS. ESTIMATED INVESTMENT IS US $ 5,600,000.
(EE) FINALLY, COFADENA WOULD LIKE TO BUILD THREE HEAT TREATMENT
PLANTS IN LA PAZ, COCHABAMBA AND SANTA CRUZ. PLANTS WOULD SERVE
LOCAL METAL-MECHANICAL AND AUTOMOTIVE INDUSTRIES. TOTAL INVEST-
MENT IS ESTIMATED AT US $ 570,000.

2. MOST OF THESE PROJECT PROPOSALS WERE PREPARED BY A UNIDO TEAM
IN LATE 1976. EMBASSY HAS XEROXED DRAFTS, SOME OF WHICH ARE
DETAILED AND SOME OF WHICH ARE SKETCHY, AND WE ASSUME MINISTER
GONZALEZ WILL HAVE A SET. EMBASSY PREVIOUSLY SECURED GONZALEZ'
AGREEMENT TO PUBLICIZE PROJECTS THROUGH NORMAL USDOC CHANNELS. IF
USDOC HAS INTEREST IN PARTICULAR PROJECTS, PLEASE ADVISE ASAP
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AND WE WILL SEND MORE DETAILS.
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